



Appropriations Update

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U.S. House of Representatives
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FISCAL YEAR 2006 DEPARTMENTS OF TRANSPORTATION, TREASURY, HOUSING AND URBAN DEVELOPMENT, THE JUDICIARY, DISTRICT OF COLUMBIA, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL – H.R. 3058 Conference Report

SUMMARY

The conference report on appropriations for transportation, treasury, housing, and other agencies, enacted on 30 November 2005 (Public Law 109-115), provides \$66.5 billion in new budget authority for fiscal year 2006. This amount exceeds the applicable suballocation of budget authority by \$618 million. At the time the measure was considered in the House, however, it was thought that the conference agreement would be within the suballocation.

The agreement complies with other provisions of the concurrent resolution on the budget, such as those governing advance appropriations and emergency-designated appropriations.

The measure – formally the conference report accompanying the appropriations bill for the Departments of Transportation, Treasury, Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies (H.R.3058; H.Rept. 109-307) – is the ninth appropriations conference agreement passed for the fiscal year beginning 1 October 2005.

The agreement reflects the House's reorganization of Appropriations subcommittees and, therefore, includes funds for the District of Columbia government. (The Senate has a separate subcommittee to address District of Columbia appropriations).

Table 1: Departments of Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies

(fiscal years; millions of dollars)

| | 2005 Spending ^a | Administration 2006 | 302 (b) for 2006 | Bill |
|------------------|----------------------------|---------------------|------------------|---------|
| Budget Authority | 66,422 | 60,703 | 65,900 | 66,518 |
| Outlays | 117,402 | 120,275 | 120,837 | 121,433 |

^a Excludes supplemental appropriations.

COST OF THE LEGISLATION

The conference report's \$66.5 billion in fiscal year 2006 budget authority [BA] is \$5.8 billion higher than the President's request. Its \$121.4 billion in outlays is \$1.2 billion above the administration. The differences occur largely because the conference report does not reflect the

administration proposal to relocate the Community Development Block Grants program from the Department of Housing and Urban Development to the Department of Commerce. That difference does not exist in a comparison with 2005.

(continued on next page)

On that basis, the bill provides an increase of \$96 million in BA and an increase of \$4.0 billion in outlays (see Table 1).

The large difference between BA and outlays – which would be highly unusual in any other spending bill – is common in measures involving transportation spending. BA for certain highway and transit programs – principally the Federal-aid highways programs – “spends out” slowly, meaning it takes several years for the spending authority to translate into actual outlays. Hence, each year’s outlays include large amounts resulting from BA provided in previous years.

Highway and transit programs also use a special mechanism for constraining new BA on a year-by-year basis. Highway and transit BA typically authorizes capital spending that runs over several years. It is classified as mandatory spending, like most entitlement programs, but is constrained by annual measures called “obligation limitations.”

In this conference report, the obligation limitations total \$44.2 billion for spending from the Highway Trust Fund, of which \$35.9 billion is for the Federal-aid highways program, and \$7 billion is for transit programs. For transit programs, the total is \$205 million above the amount envisioned by the budget resolution; but there is no procedural prohibition for exceeding this limit.

The agreement also establishes an obligation limitation of \$3.6 billion for the Federal Aviation Administration [FAA] (the budget resolution does not establish such a limit for spending from the Airport-Airway trust fund).

The conference agreement saves a net of \$2 billion through changes in mandatory spending programs, and rescinds \$2.1 billion in discretionary budget authority, with a reduction in outlays of \$26 million. (See Discussion below for more detail).

COMPLIANCE WITH THE BUDGET RESOLUTION

As noted above, enactment of this legislation causes the budgetary totals for budget authority and outlays set by the appropriate 302(b) suballocation to be exceeded, in violation of section 302(f) of the Budget Act, which provides for a point of order against consideration of such a measure.

When the conference report was filed, it was believed to provide funding equal to suballocation of \$65.9 billion, and objections to the bill were not raised based on this point of order. Subsequent to passage by both House and Senate, the Congressional Budget Office learned that a provision in the Transportation title of the conference report (section 112) would result in \$618 million in additional mandatory contract authority to maintain payments to states at the level required under the equity bonus program created in the recently-enacted surface transportation reauthorization (Public Law 109-59).

Absent any correction in another appropriations bill, the last regular appropriations bill considered this year would cause the overall 302(a) allocation to the appropriations committee to be exceeded, and the 302(f) point of order would lie against consideration of that measure.

The conference report provides an “advance appropriation” of \$4.3 billion in fiscal year 2007 BA for Section 8 Housing and the Postal Service. Under the budget resolution for fiscal year 2006 (H.Con.Res. 95), advance appropriations – spending for a year beyond the budget’s first year – are limited to a total of \$23.2 billion for fiscal year 2007. Further, only certain accounts – listed in the resolution’s statement of managers – are eligible for such advances. Section 8 Housing and Postal Service accounts were both listed as eligible. No other advance appropriations had been enacted at the time this conference report was considered.

The \$4.3 billion in advance appropriations included in this bill – plus the \$18.9 billion in advances as passed by the House in the Departments of Labor, Health and Human Services, and Education, and Related Agencies appropriations bill – would equal the total advance appropriations ceiling as prescribed in the budget resolution. (The latter conference report has not yet been passed.)

The conference agreement contains no emergency appropriations, which are also governed by the budget resolution.

DISCUSSION

Table 2, on the next page, compares conference report levels with fiscal year 2005, reflecting the total \$96-million increase in BA and the \$4-billion increase in outlays.

The \$2.0 billion in mandatory BA savings (with \$77 million in outlay savings) comes mainly from rescissions of contract authority within the Federal Aviation Administration [FAA]

(net of \$0.5 billion) and Federal Highway Administration [FHWA] (net of \$1.4 billion). Another \$80 million is from extending for 1 year of the Aviation War Risk Insurance program, which provides the bulk of the outlay savings.

Rescissions of previously enacted discretionary BA total \$2.1 billion in BA and \$26 million in outlays. The BA savings primarily come from the Public and Indian Housing certificate fund,; all but \$1 million of the outlay savings come from the Internal Revenue Service [IRS].

In broad categories, the measure breaks down as follows:

- *The Department of Transportation.* The Department is provided with \$60.5 billion in budgetary resources (BA + obligation limitations), \$3 billion above the administration request. This includes \$33.9 billion for the Federal-aid highways program and \$13.8 billion for the Federal Aviation Administration. Funding levels for Federal-aid highways are set by the recently enacted surface transportation authorization legislation, SAFETEA-LU (Public Law 109-59).
- *The Department of the Treasury.* Total funding is \$11.7 billion, \$465 million above 2005 and \$13 million above the President's request. Most of these funds – \$10.7 billion – go to the IRS.
- *The District of Columbia.* Federal payments to the District are \$402 million, \$25 million above 2005 and \$32 million above the President's request.
- *The Department of Housing and Urban Development [HUD].* The Department is funded at \$34 billion, \$1.1 billion above the 2005 level. The conference report does not reflect the administration's proposal to move Community Development Block Grants [CDBGs] to the Department of Commerce, but instead keeps the program at HUD, which largely accounts for HUD receiving \$4.8 billion above the request.
- *The Judicial Branch.* These activities are funded at \$5.4 billion in BA, which includes \$372 million for court security. This is \$309 million above the 2005 level, and \$202 million below the administration's budget request.

Table 2: Discretionary Spending in the Departments of Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies Conference Report^a
(in millions of dollars)

| | 2005 Budget Authority ^b | 2005 Outlays ^b | 2006 Budget Authority | 2006 Outlays | Difference BA | Difference Outlays |
|---|------------------------------------|---------------------------|-----------------------|----------------|---------------|--------------------|
| Legislative Branch (US Tax Court) | 41 | 41 | 48 | 46 | 7 | 5 |
| Judicial Branch | 5,090 | 5,106 | 5,399 | 5,398 | 309 | 292 |
| Executive Office of the President | 284 | 286 | 284 | 300 | - | 14 |
| Internal Revenue Service | 10,236 | 10,371 | 10,652 | 10,531 | 416 | 160 |
| Other Department of Treasury | 958 | 975 | 1,007 | 1,033 | 49 | 58 |
| Federal Aviation Administration | 10,357 | 13,356 | 10,265 | 14,183 | -92 | 827 |
| Federal Highway Administration | 846 | 30,916 | -1,980 | 33,476 | -2,826 | 2,560 |
| Federal Railroad Administration | 1,425 | 1,452 | 1,526 | 1,563 | 101 | 101 |
| Federal Transit Administration | 956 | 8,417 | 1,610 | 9,010 | 654 | 593 |
| Other Department of Transportation | 692 | 1,475 | 1,325 | 1,853 | 633 | 378 |
| General Services Administration | -44 | -274 | 201 | -42 | 245 | 232 |
| Public and Indian Housing Programs | 24,236 | 31,409 | 25,381 | 31,109 | 1,145 | -300 |
| Community Planning and Development | 8,191 | 8,834 | 7,664 | 8,876 | -527 | 42 |
| Other Housing and Urban Development | 492 | 1,604 | 930 | 1,660 | 438 | 56 |
| Office of Personnel Management | 297 | 292 | 245 | 245 | -52 | -47 |
| Other Independent Agencies | 2,335 | 3,113 | 1,937 | 2,166 | -398 | -947 |
| <u>Other</u> | <u>30</u> | <u>29</u> | <u>24</u> | <u>26</u> | <u>-6</u> | <u>3</u> |
| Total | 66,422 | 117,402 | 66,518 | 121,433 | 96 | 4,031 |

^a The Congressional Budget Office has recast amounts in the fiscal year 2005 appropriations bills to align with the components of the restructured 2006 appropriations, making the comparison above possible.

^b Excludes supplemental appropriations.

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